



**Family and Children's Health Programs Group, Center for Medicaid and State Operations**

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May 4, 2004

Ms. Lesley Cummings  
Executive Director  
The California Managed Risk Medical Insurance Board  
P.O. Box 2769  
Sacramento, CA 95812-2769

Dear Ms. Cummings,

In two earlier letters, dated March 26, 2004, and April 23, 2004, we requested additional clarification on the California State Children's Health Insurance Program (SCHIP) state plan amendment submitted on April 1, 2003. In these letters we requested additional information on the State's proposed County Children's Health Insurance Program (C-CHIP) and the funding for the proposed C-CHIP. We received responses to most of our questions on April 27, 2004, but we have not received all requested information. Specifically, we did not receive all requested information in sections 6.1.1.2, 8.3, and 9.10 of our March 26, 2004 letter. In addition to this outstanding information, we are requesting further information on the proposed funding.

We understand that the affected health plans provide no funds to the respective counties. Specifically, you have confirmed that the health plans do not contribute funding to the local government account(s) prior to making the intergovernmental transfer, nor do the health plans return any portion of the health plan's payments to local government accounts upon receipt of payments. Please confirm the following:

- (i) that the health plans do not contribute any funding to a State government account(s) prior to the intergovernmental transfer;
- (ii) that the health plans do not return any portion of the health plan's payments to State government account(s) upon receipt of payments;
- (iii) that the health care providers under contract with the health plans do not contribute any funding to State and/or local government account(s) prior to the intergovernmental transfer;
- (iv) that the health care providers under contract with the health plans do not return any portion of the payments for service to State and/or local government account(s) upon receipt of such payments; and
- (v) that no other local-only/State-only obligations are reduced as a result of the intergovernmental transfer and the related increased payments for the county expansion.

Our basis for this line of questioning is to ensure that each of the health plans that receive payments for health care services are allowed to retain the total computable payment (i.e., the Federal and non-Federal share).

Under section 2106(c) of the Social Security Act, CMS must approve, disapprove, or request additional information on a proposed title XXI State plan amendment within 90 days. The 90-day review period will resume as soon as the State's response to this request is received, along with the outstanding responses to the letter dated March 26, 2004.

Please send your response, either on disk or electronically, as well as in hard copy, to Meredith Robertson, project officer for the California title XXI proposal, with a copy to the CMS Region IX Office.

Ms. Robertson's Internet address is [mrobertson@cms.hhs.gov](mailto:mrobertson@cms.hhs.gov). Her mailing address is:

Centers for Medicare & Medicaid Services  
Center for Medicaid and State Operations  
Division of State Children's Health Insurance  
Mail Stop S2-01-16  
7500 Security Boulevard  
Baltimore, MD 21244-1850

We appreciate the efforts of your staff and share your goal of providing health care to low-income, uninsured children through title XXI. If you have questions or concerns regarding the matters raised in this letter, your staff may contact either Meredith Robertson at (410) 786-6543 or Cheryl Young, CMS Region IX, at (415) 744-3598. They will provide or arrange for any technical assistance you may require in preparing your response. Your cooperation is greatly appreciated.

Sincerely,

Cheryl Austein Casnoff  
Director  
Division of State Children's Health Insurance

cc: CMS Region IX DMSO